



Steven L. Beshear
Governor

Leonard K. Peters
Secretary
Energy and Environment Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

David L. Armstrong
Chairman

James Gardner
Vice-Chairman

John W. Clay
Commissioner

Robert Lee
Black Mountain Utility District
609 Four Mile Road
Baxter, KY 40806-8437

September 17, 2008

CERTIFICATE OF SERVICE

RE: Case No. 2008-00321
Black Mountain Utility District

I, Stephanie Stumbo, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on September 17, 2008.

Executive Director

SS/tw
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT)
OF BLACK MOUNTAIN UTILITY) CASE NO. 2008-00321
DISTRICT)

On August 5, 2008, Black Mountain Utility District ("Black Mountain") applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹

The Commission, having reviewed the record and being sufficiently advised, finds that:

1. Black Mountain purchases water from the city of Evarts ("Evarts").
2. Evarts notified Black Mountain that, effective with its June 2008 billing, the wholesale rate would increase from \$1.75 per 1,000 gallons to \$2.50 per 1,000 gallons.
3. Black Mountain proposes a purchased water adjustment factor of \$0.96 per 1,000 gallons.
4. During the 12-month period ending July 18, 2008, Black Mountain purchased 28,439,600 gallons of water. It sold 22,227,500 gallons of water during the same period.

¹ KRS 278.015 and 807 KAR 5:068.

5. The increase in the cost of purchased water is \$21,329.70, resulting in a purchased water adjustment factor of \$0.96 per 1,000 gallons.

6. Black Mountain proposes to increase the rates to its customers effective September 13, 2008.

7. The purchased water adjustment factor of \$0.96 per 1,000 gallons is fair, just, and reasonable and should be approved.

8. Black Mountain misapplied the adjustment factor to the wholesale rate.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Black Mountain are denied.

2. The purchased water adjustment factor of \$0.96 per 1,000 gallons as calculated in Appendix A, which is attached hereto and incorporated herein, is approved.

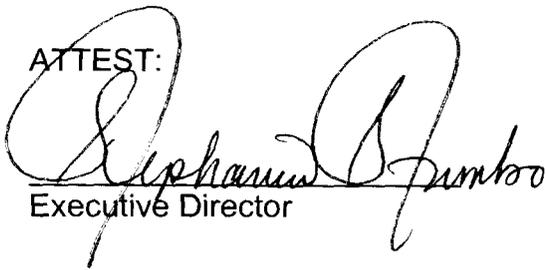
3. The rates in Appendix B, which is attached hereto and incorporated herein, are fair, just, and reasonable and are approved for service provided on or after the date of this Order.

4. Within 20 days of the date of this Order, Black Mountain shall file with the Commission revised tariff sheets showing the rates approved herein.

Done at Frankfort, Kentucky, this 17th day of September, 2008.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2008-00321 DATED SEPTEMBER 17, 2008

	New Rate	Base Rate
City of Evarts		
Purchases in gallons	28,439,600	28,439,600
Volumetric rate	<u>\$2.50/1,000</u>	<u>\$ 1.75/1,000</u>
	\$71,099.00	\$49,769.30
Increased water cost	\$21,329.70	
Increased water cost		\$21,329.70
Divided by gallons sold		<u>22,227,500</u>
Purchased water adjustment factor		\$0.96 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2008-00321 DATED SEPTEMBER 17, 2008

The following rates and charges are prescribed for the customers in the area served by Black Mountain Utility District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

RATES AND CHARGES

Water Rate D

For the following systems served under PWS#0480498 and PWS#0480603
(Ages, Closplint-Louellen, and Kenvir Area)

Monthly Rates:

First 2,000 gallons	\$18.13 Minimum bill
Over 2,000 gallons	\$6.07 per 1,000 gallons
Wholesale Rate	\$4.87 per 1,000 gallons